App. F. IX-4

Previous References

58-32-S-11.

193 b.
(Mezra

File No. 184-36

Serial Nos. 1-2

Letter References.

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 2

Part B for March 1937

SUBJECT.

Test Audit of expenditure incurred in Mezrai Institutions.

To The Comptroller No 12 38 (8-3-37)

WD 0418—GPB—22,500—29-8-36

Date. Total - no. pending action

GENERAL AND REVENUE SECRETARIAT.

( )

NOTES. File No.

FILE HEADING.

FROM

No. Dated Received

Diary No. 6-9	Enclos.	Spare copies	Serial No. 1

BRIEF ABSTRACT OF LETTER

NOTES AND ORDERS.

The Financial Secretary may be consulted in the matter. The Comptroller is of opinion that the scrutiny now exercised in the Muzrai Comr.'s office in regard to expenditure of Govt. grants to Muzrai institutions is not quite adequate. In some cases large

NOTES—First Sheet

WD 02552—GPB—5,000—10 7-30

are sanctioned to muzrai institutions and form their main source of income as in the case of the orphanage and reading room attached to the Srinivasa mandiram in Bangalore city. The muzrai Comr. may be requested to arrange ask muzrai Auditors to scrutinize the expenditure of muzrai institutions in receipt of substantial grants with special care. Even in cases where the cash grants of Govt. made to such institutions are merged with their other income, the muzrai Auditors should see that income of muzrai institutions are properly spent, since Govt. are responsible for the proper management of such institutions.

Sd/- Varaha Narasimha Murthy
2
27/11/-

NCI L
27 JAN 2696
Govt. of ...

Financial (Fd/11)

"The Comptroller's View contained in para 3 of this letter may be accepted.

In the case of all institutions for which Grants for Special purposes are given + ~~not merely ordinary~~ an audit or the receipt of a statement of accounts or a certificate from a responsible Govt. Officer that the grant drawn has been expended for the purpose specified is necessary. The particular procedure to be adopted in each case will vary according to circumstances -

28/1. W

Serial No

If approved the opinion of the M.C Hill be called upon officially in the matter

[illegible]

[illegible]

GENERAL SECRETARY
2-FEB.1937
10 32

I forwarded with compliments to the Kenya Commissioner in Nyasa for favour of his opinion in the matter

By Mail

GENERAL SECRETARY'S OFFICE No 32
3 FEB 1937
MUZRAI BRANCH

Bangalore 3-2-37

for Govt Secretary

5/2/37

C404/36.37.

A copy of instructions issued to the Auditors in connection with this office letter dated 28-1-37 to the Controller to Government, is enclosed for perusal. As pointed by the Controller to Government and the Financial Secretary, no further action in this direction is necessary.

There can, however, be no objection to a limit upon the submission of audit certificates as suggested by the Financial Secretary.

Returned with compliments.

for Auditor General

GENERAL SECRETARY
10 FEB. 1937

6-2-1937.

Auditor General's Commissioner.

12

NOTE—Contn. Sheet

WD 0417—G1r—3)C00—8 9 3

File No. of 193 .

General and Revenue Secretariat

Serial No.

Submitted for orders with reference to para 5 supra. It is a point for [illegible] and whether orders may issue in accordance with the observations made by the Financial Secretary in para 5 of the note

[illegible]

Submitted with a draft letter to Govt for orders.

For approval & orders

(Sir Hiray) may be approved 4/3

Hon'ble Member

5/3

NO 1238 dated 9-3-37

To

The Comptr

State that no further action is necessary

8/4/37

GENL. & REV. SECT. 629 5 JAN 1937 MADRAS

In reply please quote reference to No 291/TAD b ii

OFFICE OF THE COMPTROLLER TO THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE,

Bangalore, dated 31st December *193*

Rev 194-36-1

FROM

A N RAGHAVACHAR, ESQ., M A,
Comptroller to the Government of
His Highness the Maharaja of Mysore
Bangalore

To

GENERAL SECRETARY. 4 JAN. 1937

M. Venkatesa Iyengar Esq., B.A.,
General Secretary to the Government,
B a n g a l o r e

SIR 7/4/37

I have the honor to enclose herein an extract of para 1(a) of the Inspection Memo No.69 of the Special Officer from Government of India, as well as para 9 of his note dated 11th June 1936 regarding a test audit of the expenditure incurred in the Muzrai Institutions out of the Government grants given to them by the internal audit staff of the Muzrai Commissioner with a view to see that the grants has been utilised for the object for which the grants were intended to provide and that the unexpended portion of such grant has been duly surrendered to Government.

2 The Muzrai Commissioner was consulted in the matter and copy of this office letter No.291/TAD b ii dated 30-9-1936 addressed to him and his reply No.404/36-37 dated 10/13th November 1936 are enclosed herein.

3 It is seen therefrom that the scrutiny exercised at present in his office is not quite adequate. As however the Muzrai Commissioner states in the last para of his letter that the internal auditors have been instructed to exercise greater scrutiny over the expenditure of such special grants hereafter and to see that unspent amount if any are duly surrendered back to Government, I consider that no further action is called for in the matter at present.

The audit conducted by this office in respect of these grants

is to see that the grant and Budget allotments are not exceeded and no further scrutiny is exercised. In this connection I also invite reference to this office letter No.183/TAD D ii dated 4-6-35 addressed to Government pointing out the insufficiency of audit as at present conducted by this office in several respects and the desirability of transferring the entire audit to the Muzrai Commissioner's Office so as to improve the system of audit and to orders of Government thereon conveyed in letter No.R.7936/4 Rl.7936/G.R.58-38 dated 3rd/4th April 1938 stating that the proposals may be dropped.

I have the honor to be,
Sir,
Your most obedient servant,

Controller

Extract of para 4(a) from the Special Officer's Inspection Memo No.69 dated 25-9-36

4(a) It appears that no local audit of the Muzrai institutions is undertaken. The order, behind the discontinuance of the local audit may be examined to see whether it is not necessary to conduct a test audit of the expenditure incurred by the institution from the grants made ~~to~~ Government. Audit of expenditure from grants made to local bodies of Muzrai institutions is an important duty and has to be carried out to see that the grant has actually been spent on the object for which it was intended to provide. This audit can be entrusted to the Local Audit staff and their programme may provide for a test check of the Muzrai accounts wherever necessary in addition to the general checks of the Muzrai accounts wherever necessary in addition to the general checks against sanctions (such as grants for works) now done in TAD (Mis) Section.

Para 2 of note of Special Officer dated 11-6-36

If the work of checking the expenditure from the grants cannot be entrusted to the L.A.D. the Muzrai Commissioner may be requested to entrust the check to his interal audit staff and to furnish an annual certificate to the Comptroller that the grants have actually been utilised on the objects for which they were granted. As the Muzrai Commissioner has an organised department and an internal audit staff, the check may be conveniently done by his auditors and the annual certificate would meet the requirements of central audit. In British India such annual certificates are obtained from the Examiner of Local Fund A in similar cases.

Letter No. [illegible] dated [illegible] from the Comptroller in Mysore, Bangalore, to the Inspector Commissioner in Mysore, Bangalore.

I have the honour to state that the special officer from Government of India has observed during the course of his audit inspection of this office that it is necessary during local inspection to conduct a test audit of the expenditure incurred in the Muzrai institutions from the grants made by Government to them with a view to see that the grant has been utilised for the objects for which the grants are intended to provide.

In regard to such grants viz ready money ~~incur~~ grants Malnad Cash grants, grants from State General Muzrai and Chatram Savings Fund, the check exercised by this office in audit is against Budget provision only and the sanctioned allotments.

In these circumstances, I request you to kindly intimate whether your office has been satisfying itself that these grants after being drawn by the institutions concerned are utilised for the purpose for which they are originally intended and the unexpended portion of a grant which is sanctioned for a definite purpose as distinguished from a grant for the general upkeep of the institution is surrendered to Government. It may also be kindly stated if in the course of local inspection by the Muzrai auditors the expenditure of the institutions is being scrutinised with reference to the grants from Govt funds as distinct from the funds of the institution themselves. If no such scrutiny is at present being made I request the favour of your suggestion and proposals also on the subject.

Copy

[signature]

Superintendent

Letter No.401/30-31 dated 10/12-11-1930 from the Muzrai Commissioner in Mysore, Bangalore, to the Comptroller in Mysore.

= ----

Audit of expenditure of Government grants made to the Muzrai institutions

With reference to your letter No.291 TAD B ii dated 30-9-30 on the above subject, I have the honor to state that grants made by Government to Muzrai institutions are either grants such as Ready Money Allowance, Malnad cash grant etc, or special grants for construction, repairs etc. The former are outright grants and are drawn in the beginning of the year and credited to the funds of the institutions. As these amounts become merged in the general funds of the institutions it is not possible to find out what portion of it has been spent and what remains.

2. As regards the 2nd class of grants, they are also being treated as outright grants in the sense that if there remains any balance unspent, it is going to the benefit of the institution. But such cases of savings from Government grant are rare, as grants for construction, repairs etc are generally for meeting only a portion of the estimated cost, the balance being met by the devotees or from the funds of the institutions. Even if there should be any savings in cases of full grants which are very rare, such amounts are being credited to the funds of the institutions as they are not appreciable.

3. The Muzrai Auditors are checking the expenditure of such Government grants with a view to see whether they are spent for the purpose for which they were given.

4. They have been directed to exercise greater secrutiny over the expenditure of such special grants hereafter and to see that unspent amounts, if any, are duly surrendered back to Govt.

" Copy "

Superintendent

Memo No.404/36-37 dated 10-11-36 from the Muzrai Commissioner in Mysore, to the Muzrai Auditors.

It has been brought to notice that the accounts relating to the expenditure of Government grants made to Muzrai institutions for special purposes such as construction, repairs etc., are not being scrutinised by the Muzrai Auditors with a view to see whether the unspent amounts have been duly surrendered back to Government.

2. They should look into these accounts during their audit and report if there are any such cases of non-surrender.

Memo.

Copy of the above is forwarded with compliments to the Deputy Commissioners of Districts.

- Sd.- M. N. Anandalwar,
For Muzrai Commissioner.

"COPY"

M. N. Anandalwar

For Muzrai Commissioner.

To 1238 / Mus 194-36-2

The Comptroller to Government.

8-3-37

Sir,

With reference to correspondence ending with your letter No. 506/T. ...b ii dated 24-12-36 submitting copies of correspondence between yourself and the Muz. Commr. in the matter of a test audit of expenditure incurred in Muz. Institutions out of Govt. grants given to them, I am directed to state that ~~while~~ Govt. agree ~~with you~~ in your view that no further action is necessary in the matter at present, since the Muz. Commr. has issued instructions to the Muz. Auditors to exercise greater scrutiny in future over the expenditure of special grants and to see that unspent amount is duly surrendered back to Govt. They however consider that in the case of all institutions for which grants for special purposes are given, an audit, or the receipt of a statement of accounts, or a certificate from a responsible Government officer that the grant drawn has been expended for the purpose specified is necessary, the particular procedure to be adopted in each case varying according to circumstances. The Muz. Commr., who was consulted in the matter, agrees. ~~says that there can be no objection to insisting upon the submission of a statement of accounts or a certificate as indicated above.~~ In these circumstances, I am to request that necessary action may be taken accordingly.

I have &c.,

8/3/37

General Secretary to Govt.

P.T.O.

1239 /Mex 9 9-3-37)

Copy of the foregoing is forwarded to H.C. with reference to his U.O. No. C.404/Sc-37 dated 6-9-37 on the subject for information and necessary action.

Genl. Secretary.

9/11/-

C..G.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

Bangalore, Dated, .1 [illegible] 1937.

No. 1238
Muz 194 36-2

From

General Secretary to the Government of His Highness the Maharaja of Mysore.

To

The Comptroller [illegible] Government,
Bangalore.

Sir,

With reference to correspondence ending with your letter No.586/A.A.B.II dated 24th December 1936 forwarding copies of correspondence between yourself and the Muzrai Commissioner in the matter of a test audit of expenditure incurred in Muzrai institutions out of Government grants given to them, I am directed to state that Government agree in the view that no further action is necessary in the matter at present, since the Muzrai Commissioner has issued instructions to the Muzrai Auditors to exercise greater scrutiny in future over the expenditure of special grants and to see that unspent amount is duly surrendered back to Government. They consider however that in the case of all institutions for which grants for special purposes are given, an audit, or the receipt of a statement of accounts, or a certificate from a responsible Government officer that the grant drawn has been expended for the purpose specified is necessary, the particular procedure to be adopted in each case varying according to circumstances. The Muzrai Commissioner who was consulted in the matter agrees. In these circumstances, I am to request that necessary action may be taken accordingly.

I have the honour to be,
Your most obedient servant

Sd. V.Vedavyasachcharya,
General Secretary to Government.

Memo No. 1239/Muz Dated, Bangalore, 9th March 1937.

Copy of the above is forwarded with compliments to the Muzrai

Kuzrai Commissioner with reference to his U.O.No.C.404/36-37 dated 6th February 1937 on the subject for information and necessary action.

Shiv Sajan Lmma
for General Secretary to Government